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Housing and Urban Development Reform Act of 1989 (December 15, 1989) regardless of the date of the cause giving rise to the sanction.

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§ 25.17 [Reserved]

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AUTHORITY: 42 U.S.C. 3535(d).

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Subpart A—Hearings Before Hearing Officers

§ 26.1 Purpose.

This part sets forth rules of procedure in certain proceedings of the Department of Housing and Urban Development presided over by a hearing officer. These rules of procedure apply to hearings with respect to determinations by the Multifamily Participation Review Committee pursuant to 24 CFR part 200, subpart H, to hearings conducted pursuant to referrals by debarring or suspending officials under 2 CFR part 2424, and to hearings conducted pursuant to referrals by a hearing official under 24 CFR part 25, unless such regulations at 2 CFR part 2424, 24

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CFR parts 25 or 200 provide otherwise. They also apply in any other case where a hearing is required by statute or regulation, to the extent that rules adopted under such statute or regulation are not inconsistent.

[72 FR 73492, Dec. 27, 2007]

HEARING OFFICER

§ 26.2 Hearing officer, powers and duties.

(a) *Hearing officer.* Proceedings conducted under these rules shall be presided over by a hearing officer who shall be an Administrative Law Judge or Office of Appeals Judge authorized by the Secretary or designee to conduct proceedings under this part.

(b) *Time and place of hearing.* The hearing officer shall set the time and place of any hearing and shall give reasonable notice to the parties.

(c) *Powers of hearing officers.* The hearing officer shall conduct a fair and impartial hearing and take all action necessary to avoid delay in the disposition of proceeding and to maintain order. The hearing officer shall have all powers necessary to those ends, including but not limited to the power:

- (1) To administer oaths and affirmations;
- (2) To cause subpoenas to be issued as authorized by law;
- (3) To rule upon offers of proof and receive evidence;
- (4) To order or limit discovery as the interests of justice may require;
- (5) To regulate the course of the hearing and the conduct of the parties and their counsel;
- (6) To hold conferences for the settlement or simplification of the issues by consent of the parties;
- (7) To consider and rule upon all procedural and other motions appropriate in adjudicative proceedings;
- (8) To take notice of any material fact not appearing in evidence in the record which is properly a matter of judicial notice; and
- (9) To make and file determinations.

[48 FR 43304, Sept. 23, 1983, as amended at 72 FR 53878, Sept. 20, 2007]

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§ 26.3 Failure to comply with an order of the hearing officer.

If a party refuses or fails to comply with an order of the hearing officer, the hearing officer may enter any appropriate order necessary to the disposition of the hearing including a determination against the noncomplying party.

§ 26.4 Ex parte communications.

(a) *Definition.* An ex parte communication is any communication with a hearing officer, direct or indirect, oral or written, concerning the merits of procedures of any pending proceeding which is made by a party in the absence of any other party.

(b) *Prohibition of ex parte communications.* Ex parte communications are prohibited except where:

- (1) The purpose and content of the communication have been disclosed in advance or simultaneously to all parties; or
- (2) The communication is a request for information concerning the status of the case.

(c) *Procedure after receipt of ex parte communication.* Any hearing officer who receives an ex parte communication which the hearing officer knows or has reason to believe is unauthorized shall promptly place the communication, or its substance, in all files and shall furnish copies to all parties. Unauthorized ex parte communications shall not be taken into consideration in deciding any matter in issue.

[48 FR 43304, Sept. 23, 1983; 48 FR 46980, Oct. 17, 1983]

§ 26.5 Disqualification of hearing officer.

When a hearing officer believes there is a basis for disqualification in a particular proceeding, the hearing officer shall withdraw by notice on the record and shall notify the Secretary and the official initiating the action under appeal. Whenever any party believes that the hearing officer should be disqualified from presiding in a particular proceeding, the party may file a motion with the hearing officer requesting the hearing officer to withdraw from presiding over the proceedings. This motion shall be supported by affidavits

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setting forth the alleged grounds for disqualification. If the hearing officer does not withdraw, a written statement of his or her reasons shall be incorporated in the record and the hearing shall proceed.

REPRESENTATION OF THE PARTIES

§ 26.6 Department representative.

In each case heard before a hearing officer under this part, the Department shall be represented by the General Counsel or designee.

§ 26.7 Respondent's representative.

The party against whom the administrative action is taken may be represented at hearing as follows:

(a) Individuals may appear on their own behalf;

(b) A member of a partnership or joint venture may appear on behalf of the partnership or joint venture;

(c) A bona fide officer may appear on behalf of a corporation or association upon a showing of adequate authorization;

(d) An attorney who files a notice of appearance with the hearing officer may represent any party. For purposes of this paragraph, an attorney is defined as a member of the bar of a Federal court or of the highest court of any State; or

(e) An individual not included within paragraphs (a) through (d) of this section may represent the respondent upon an adequate showing, as determined by the hearing officer, that the individual possesses the legal, technical or other qualifications necessary to advise and assist in the presentation of the case.

§ 26.8 Standards of practice.

Attorneys shall conform to the standards of professional and ethical conduct required of practitioners in the courts of the United States and by the bars of which the attorneys are members. Any attorney may be prohibited by the Hearing Officer from representing a party if the attorney is not qualified under § 26.7 or if such action is necessary to maintain order in or the integrity of the pending proceeding.

PLEADINGS AND MOTIONS

§ 26.9 Notice of administrative action.

In every case, there shall be a notice of administrative action. The notice shall be in writing and inform the party of the determination. The notice shall state the reasons for the proposed or imposed action, except where general terms are permitted by 2 CFR part 2424. The notice shall inform the party of any right to a hearing to challenge the determination, and the manner and time in which to request such a hearing. A supplemental notice may be issued, at the discretion of the initiating official, to add to or modify the reasons for the action.

[72 FR 73492, Dec. 27, 2007]

§ 26.10 Complaint.

(a) *Respondent.* A complaint shall be served upon the party against whom an administrative action is taken, who shall be called the respondent.

(b) *Grounds.* The complaint shall state the grounds upon which the administrative action is based. The grounds set forth in the complaint may not contain allegations beyond the scope of the notice of administrative action or any amendment thereto.

(c) *Notice of administrative action as complaint.* A notice of administrative action may serve as a complaint provided the notice states it is also a complaint and complies with paragraph (b) of this section.

(d) *Timing.* When the notice does not serve as a complaint, the complaint shall be served on or before the thirtieth day after a request for hearing is made.

§ 26.11 Answer.

Respondent shall file an answer within thirty days of receipt of the complaint. The answer shall respond specifically to each factual allegation. A general denial shall not be permitted. Where a respondent intends to rely on an affirmative defense it shall be pleaded specifically. Allegations are admitted when not specifically denied in respondent's answer.

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§ 26.12 Amendments and supplemental pleadings.

(a) *Amendments.* (1) By right: The Department may amend its complaint without leave at any time within thirty days of the date the complaint is filed or at any time before respondent's responsive pleading is filed, whichever is later. Respondent may amend its answer at any time within thirty days of filing of its answer. A party shall plead in response to an amended pleading within fifteen days of receipt of the amended pleading.

(2) By leave: Upon conditions as are necessary to avoid prejudicing the public interest and the rights of the parties, the hearing officer may allow amendments to pleadings upon motion of any party.

(3) *Conformance to evidence:* When issues not raised by the pleadings but reasonably within the scope of the proceeding initiated by the complaint are tried by express or implied consent to the parties, they shall be treated in all respects as if they had been raised in the pleadings, and amendments of the pleadings necessary to make them conform to the evidence shall be allowed at any time.

(b) *Supplemental pleadings.* The hearing officer may, upon reasonable notice, permit service of a supplemental pleading concerning transactions, occurrences, or events which have happened or been discovered since the date of prior pleadings.

§ 26.13 Motions.

(a) *Motions.* All motions after the commencement of the action until decision shall be addressed to the hearing officer.

(b) *Content.* All written motions shall state the particular order, ruling, or action desired and the grounds for granting the motion.

(c) *Answers.* Within seven (7) days after receipt of any written motion, or within any other period as may be designated by the hearing officer, the opposing party shall answer the motion. Failure to make a timely answer shall constitute a party's consent to the granting of the motion. The moving party shall have no right to reply, except as permitted by the hearing officer.

(d) *Oral argument.* The hearing officer may order oral argument on any motion.

(e) *Motions for extensions.* The hearing officer may waive the requirements of this section as to motions for extensions of time.

(f) *Rulings on motions for dismissal.* When a motion to dismiss the proceeding is granted, the hearing officer shall make and file a determination and order in accordance with the provisions of § 26.24.

§ 26.14 Form and filing requirements.

(a) *Filing.* An original and two copies of a request for a hearing shall be filed with the Docket Clerk, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410, on official business days between 8:45 a.m. and 5:15 p.m. The Clerk shall assign the docket number and designate a hearing officer. An original and two copies of all other pleadings, submissions and documents should be filed directly with the appropriate hearing officer. A document is considered timely filed if postmarked on or before the date due or delivered to the appropriate person by close of business on the date due.

(b) *Title.* Documents shall show clearly the title of the action and the docket number.

(c) *Form.* Except as otherwise permitted, all documents shall be printed or typewritten in clear, legible form.

§ 26.15 Service.

(a) *Method of service.* Pleadings, motions, and other documents required or permitted under these rules shall be served upon all parties. Whenever these rules require or permit service to be made upon a party represented by an attorney, the service shall be made upon the attorney unless service upon the party is ordered by the hearing officer. Service shall be made by delivering a copy to the person to be served or by mailing it to that person at the last known address. Delivery of a copy within this rule means: handing it to the person to be served; or leaving it at that person's office with a clerk or other person in charge; or, if there is no one in charge, leaving it in a conspicuous place in the office; or, if the

office is closed or the person to be served has no office, leaving it at that person's residence of usual place of abode with some person of suitable age and discretion who resides there. Service by mail is complete upon deposit in a mail box or upon posting.

(b) *Proof of service.* Proof of service shall not be required unless the fact of service is put in issue by appropriate motion or objection on the part of the person allegedly served. In these cases, service may be established by written receipt signed by or on behalf of the person to be served, or may be established prima facie by affidavit or certificate of service of mailing.

§ 26.16 Time computation.

(a) *Generally.* Computation of any period of time prescribed or allowed by this part shall begin with the first business day following the day on which the act, event, development or default initiating the period of time occurred. When the last day of the period computed is a Saturday, Sunday, or national holiday, or other day on which the Department of Housing and Urban Development is closed, the period shall run until the end of the next following business day. Except when any prescribed or allowed period of time is seven days or less, each of the Saturdays, Sundays, and national holidays shall be included in the computation of the prescribed or allowed period.

(b) *Extensions of time periods.* The hearing officer (or in the case of a review under § 26.25, the Secretary or designee) may upon motion enlarge the time within which any act required by these rules must be performed where necessary to avoid prejudicing the public interest or the rights of the parties.

DISCOVERY

§ 26.17 Discovery.

The parties are encouraged to engage in voluntary discovery procedures. Parties may seek an order compelling discovery only upon good cause shown. Discovery shall not be permitted where it will unduly delay the hearing, thereby resulting in prejudice to the public interest or the rights of the parties. Every request for discovery, objection to request for discovery, and request

for admissions shall be in the form of a motion addressed to the hearing officer. In connection with any discovery procedure, the hearing officer may make any order required to protect a party or other person from annoyance, embarrassment, oppression, or undue burden or expense. Those orders may include limitations on the scope, methods, time and place for discovery, and provisions for protecting privileged information or documents. Where a party refuses to honor an order for discovery, the hearing officer may issue such orders in regard to the refusal as justice shall require. Each party shall bear its own expenses associated with discovery.

§ 26.18 Depositions.

(a) *General.* A party may take the oral deposition of any person. Upon refusal and, after a showing of good cause, a hearing officer may issue an order compelling a party or its agents to appear for deposition.

(b) *Procedure.* Reasonable written notice of deposition shall be served upon the opposing party and the deponent. The attendance of a deponent may be compelled by subpoena where authorized by law.

(c) *Objections.* Each person testifying on oral deposition shall be placed under oath by the person before whom the deposition is taken. The deponent may be examined and cross-examined. Objection may be made at hearing to receiving in evidence any deposition or part of it for any reason which would require the exclusion if the witness were then present and testifying. The questions and the answers, together with all objections made, shall be recorded by the person before whom the deposition is to be taken, or under that person's direction.

(d) *Submission to deponent.* A transcript of the deposition shall be submitted to the deponent for examination and signature, unless submission is waived. Any changes in form or substance which the deponent desires to make shall be entered upon the transcript by the person before whom the deposition was taken, with a statement of reasons given by the deponent for making them. The transcript shall then be signed by the deponent, unless

the parties by stipulation waive the signing or the deponent is ill, cannot be found, or refuses to sign. If the transcript is not signed, the person before whom the deposition was taken shall sign it and state on the record the reason that it is not signed.

(e) *Certification and filing.* The person before whom the deposition was taken shall certify on the transcript as to its accuracy. The original transcript and exhibits shall be sent by mail to the hearing officer unless otherwise directed in the order authorizing the taking of the deposition. Interested parties shall make their own arrangements with the person recording the testimony for copies of the testimony and the exhibits.

(f) *Deposition as evidence.* Subject to appropriate rulings by the hearing officer on objections, the deposition or any part may be introduced into evidence for any purpose if the deponent is unavailable. Only that part of a deposition which is received in evidence at a hearing shall constitute a part of the record in the proceeding upon which a decision may be based. Nothing in this rule is intended to limit the use of a deposition for impeachment purposes.

(g) *Payment of fees.* Fees shall be paid by the person upon whose application the deposition is taken.

§ 26.19 Request for production of documents.

(a) *Request to produce.* At any time after a request for hearing has been filed, any party may serve upon any other party a written request to produce, and permit the party making the request to inspect and copy, any relevant designated documents (including writings, drawings, graphs, charts, and other data compilations). The request shall set forth the items to be inspected either by individual item or by category with reasonable particularity. The request shall specify a reasonable time, place, and manner of making the inspection and performing the related acts.

(b) *Response to request to produce.* The party upon whom the request is served shall serve a written response within twenty days after service of the request unless the Hearing Officer determines that a shorter or longer period is

appropriate under the circumstances. The response shall state, with respect to each item or category, that inspection and related activities will be permitted as requested, unless the request is objected to, in which case the reasons for the objection shall be stated. If objection is made to part of an item or category, the part shall be specified. The party submitting the request may move for an order under § 26.17 with respect to any objection to or other failure to respond to the request or any part thereof, or any failure to permit inspection as requested.

§ 26.20 Admissions as to facts and documents.

(a) *Request for admissions.* At any time after an answer has been filed, any party may serve upon any other party a written request for the admission of the genuineness of any relevant documents described in the request or of the truth of any relevant matters of fact. Copies of documents shall be delivered with the request unless copies have already been furnished. No order of the hearing officer is necessary.

(b) *Objection.* Each requested admission shall be considered admitted unless, within fifteen days after service of the request, the party from whom the admission is sought serves upon the party making the request either (1) a statement denying specifically the relevant matters of which an admission is requested or setting forth in detail the reasons why the party can neither truthfully admit nor deny them, or (2) written objections on the ground that some or all of the matters involved are privileged or irrelevant. Answers on matters to which objections are made may be deferred until the objections are ruled upon, but if written objections are made only to a part of a request, the remainder of the request shall be answered.

(c) *Limitation.* Admissions obtained pursuant to this procedure may be used in evidence only for the purposes of the pending action to the same extent and subject to the same objections as other evidence.

§ 26.21 Prehearing conference.

(a) *Prehearing conference.* The hearing officer may, on the hearing officer's

own motion or at the request of any party, direct counsel for all parties to confer with the hearing officer before the hearing for the purpose of considering:

- (1) Simplification and clarification of the issues;
 - (2) Stipulations and admissions of fact and of the contents and authenticity of documents;
 - (3) The disclosure of the names of witnesses;
 - (4) Matters of which official notice will be taken;
 - (5) Other matters as may aid in the orderly disposition of the proceeding, including disclosure of the documents or other physical exhibits which will be introduced in evidence in the course of the proceeding.
- (b) *Recordation of prehearing conference.* The prehearing conference shall, at the request of any party, be recorded or transcribed.
- (c) *Order on prehearing conference.* The hearing officer shall enter in the record an order which states the rulings upon matters considered during the conference, together with appropriate directions to the parties. The order shall control the subsequent course of the proceeding, subject to modifications upon good cause shown.

HEARINGS

§ 26.22 Public nature and timing of hearings, transcripts.

- (a) *Public hearings.* All hearings in adjudicative proceedings shall be public.
- (b) *Conduct of hearing.* Hearings shall proceed with all reasonable speed. The hearing officer may order recesses for good cause, stated on the record. The hearing officer may, for convenience of the parties or in the interests of justice, order that hearings be conducted outside Washington, DC, and, if necessary, at more than one place.
- (c) *Transcripts.* Hearings shall be recorded and transcribed only by a reporter designated by the Department under the supervision of the hearing officer. The original transcript shall be a part of the record and shall constitute the sole official transcript. Respondents and the public, at their own expense, may obtain copies of transcripts from the reporter.

§ 26.23 Rules of evidence.

(a) *Evidence.* Every party shall have the right to present its case or defense by oral and documentary evidence, unless otherwise limited by law or regulation, to submit rebuttal evidence and to conduct such cross-examination as may be required for a full and true disclosure of the facts. Irrelevant, immaterial, privileged, or unduly repetitious evidence shall be excluded.

Unless otherwise provided for in this part, the Federal Rules of Evidence shall provide guidance for the conduct of proceedings under this part. Parties may object to clearly irrelevant material, but technical objections to testimony as used in a court of law will not be sustained.

(b) *Testimony under oath or affirmation.* All witnesses shall testify under oath or affirmation.

(c) *Objections.* Objections to the admission or exclusion of evidence shall be in short form, stating the grounds of objections. Rulings on objections shall be a part of the transcript. Failure to object to admission or exclusion of evidence or to any evidentiary ruling shall be considered a waiver of objection, but no exception to a ruling on an objection is necessary in order to preserve it for appeal.

(d) *Authenticity of documents.* Unless specifically challenged, it shall be presumed that all relevant documents are authentic. An objection to the authenticity of a document shall not be sustained merely on the basis that it is not the original.

(e) *Stipulations.* The parties may stipulate as to any relevant matters of fact. Stipulations may be received in evidence at a hearing, and when received shall be binding on the parties with respect to the matters stipulated.

(f) *Official notice.* All matters officially noticed by the hearing officer shall appear on the record.

(g) *Burden of proof.* The burden of proof shall be upon the proponent of an action or affirmative defense unless otherwise provided by law or regulation.

§ 26.24 Hearing officer's determination and order.

(a) *Scope of review.* The hearing officer shall conduct a *de novo* review of

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the administrative action to determine whether it is supported by a preponderance of the evidence unless a different standard of proof is required by law or regulation. Each and every charge alleged by the Department need not be proven to support the administrative action. The hearing officer may modify or vacate the administrative action under review only upon a particularized finding of facts which justifies a deviation from the administrative action.

(b) *Closing of hearing.* At the discretion of the hearing officer, the closing of the record may be postponed in order to permit the admission of other evidence into the record. In the event further evidence is admitted, each party shall be given an opportunity to respond to such evidence.

(c) *Briefs.* Upon conclusion of the hearing, the hearing officer may request the parties to file proposed findings of fact and legal briefs. The hearing officer shall make a written determination and order based upon evidence and arguments presented by the parties. The determination shall be founded upon reliable and probative evidence. This determination and order shall be served upon all parties.

(d) *Bench decisions.* Where the parties agree and where appropriate in the judgment of the hearing officer, a bench decision will be issued.

(e) *Time period for issuance of decision.* The hearing officer shall endeavor to issue a determination within sixty days from the date of the closing of the record.

(f) *Finality of decision.* The determination and order shall be final unless a party timely appeals the decision and within forty days the Secretary decides to review the determination in accordance with § 26.25, or to have the determination reviewed by a designee.

SECRETARIAL REVIEW

§ 26.25 Review of determination of hearing officers.

(a) *Petition for review.* Any party may request review of the hearing officer's determination or order by filing a written petition for review with the Secretary within fifteen days of receipt of the hearing officer's determination or

order. A petition for review may be granted or denied in the discretion of the Secretary or designee. This petition shall not exceed ten pages and shall specifically state the issues and basis upon which the party seeks review. This petition shall be served on all parties and the Secretary simultaneously, in accordance with § 26.15.

(b) *Briefs by opposing parties.* Opposing parties may submit briefs, not to exceed ten pages, opposing review. These briefs must be filed within fifteen days of the party's receipt of a petition for review.

(c) *Secretarial action.* Upon granting any petition for review, the Secretary or designee, may require further briefs. Secretarial review shall be limited to the factual record produced before the hearing officer. The Secretary, or designee, shall issue a written determination and shall serve it upon the parties and the hearing officer.

§ 26.26 Interlocutory rulings.

(a) *Interlocutory rulings by the hearing officer.* A party seeking review of an interlocutory ruling shall file a motion with the hearing officer within ten days of the ruling requesting certification of the ruling for review by the Secretary. Certification may be granted if the hearing officer believes that (1) it involves an important issue of law or policy as to which there is substantial ground for difference of opinion and (2) an immediate appeal from the order may materially advance the ultimate termination of the litigation.

(b) *Petition for review.* Any party may file a petition for review of an interlocutory ruling within ten days of the hearing officer's determination regarding certification.

(c) *Secretarial review.* The Secretary, or designee, shall review a certified ruling. The Secretary, or designee, has the discretion to grant or deny a petition for review from an uncertified ruling.

(d) *Continuation of hearing.* Unless otherwise ordered by the hearing officer or the Secretary, or designee, the hearing shall proceed pending the determination of any interlocutory appeal and the order or ruling of the hearing officer shall be effective pending review.